

Exploring the Cost of High-Quality Infant and Toddler Care in New Jersey

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February 2021



Introduction

New Jersey's youngest children and their families depend on an under-funded system of care with widely varying quality. The COVID-19 pandemic has exacerbated problems by reducing families' ability to pay while also increasing costs. This report uses the Office of Child Care's Provider Cost of Quality Calculator (PCQC)ⁱ to estimate the costs of enhanced supports for infant and toddler care that address these problems. These estimates show that existing subsidy rates need to increase substantially to meet the needs of young children and their families. Increasing rates may be more feasible than ever with strong current and proposed federal support efforts.

Quality Cost Drivers

Even during the pandemic, the two biggest drivers of cost for quality care are ratio/group size and staff qualifications. Lower group sizes and lower staff-child ratios typically require additional staff, although New Jersey's licensing standards already call for reasonable ratios of one adult for every four infants (under 18 months) and one adult for every six toddlers (18 to 30 months). However, capping infant group sizes at eight instead of 12 to improve quality would require additional classroom space. Capping toddler group sizes at 18 instead of 20 would also result in the need for additional classroom space, assuming providers are currently filling toddler rooms to 20 despite the required one to six ratio.

Infant and toddler programs also need well qualified staff. Adequate compensation for teachers and assistants lowers staff turnover and provides better consistency of care for children. Increasing average teaching staff salaries from \$25,163 to \$43,460 would make them more in line with their peers in public preschool classrooms. In addition, programs need the informed direction of a program director and an education coordinator to transform classrooms into places where children are exposed to rich learning experiences. Adequate compensation for highly-qualified administrators could require average salary increases of up to 53%, although this cost would be distributed across all classrooms, including any preschool-age classrooms in a building.

Paying for Quality

Current New Jersey child care subsidy rates provide \$248 per week for infants and \$206 per week for toddlers in accredited child care centers to cover what we estimate as the minimum costs to provide licensed child care of \$260 per week for infants and \$150 per week for toddlers (see Figure 1). The higher quality approach to infant and toddler care recommended here would raise infant costs to \$428 per week and toddler costs to \$275 per week. Providers would need an average weekly increase of \$168 per child to support high-quality infant classrooms and \$69 per child to support high-quality toddler classrooms.

Child care providers participating in Grow NJ Kids (GNJK), the state's Quality Rating Improvement System, receive higher subsidy rates if they achieve a star rating of three or higher. For infants, rates for improved quality range from \$260 per week in a three-star program to \$284 per week in a five-star program (see Figure 2). For toddlers, rates range from \$206 per week in a three-star program to \$225 per week in a five-star program. These increased rates would allow providers to meet current estimated costs, but are still below what is needed to achieve optimum quality in infant and toddler rooms.

Although these proposed increases are substantial, President Biden’s proposed American Rescue Planⁱⁱ outlines several potential sources of child care funding that could be used to defray the cost of higher quality care while also increasing access. In addition to the \$10 billion increase to the Child Care Development Block Grant (CCDBG) approved by Congress in December 2020 (of which New Jersey is estimated to receive \$181.2 millionⁱⁱⁱ), the Biden Administration is proposing another \$15 billion increase to CCDBG to support increased access to care as well as higher compensation for child care workers. The American Rescue Plan also calls for a \$25 billion Emergency Stabilization Fund to help child care providers cover the cost of rent, utilities, payroll and other costs related to safety during the pandemic. These funding increases are further supplemented by a proposed one-year tax credit of up to 50% of the cost of child care for families making under \$125,000 per year. Partial credits are proposed for families earning between \$125,000 and 400,000 annually.

Figure 1. Per Child Funding Gap to Achieve High-Quality Infant Toddler Care in Accredited Centers

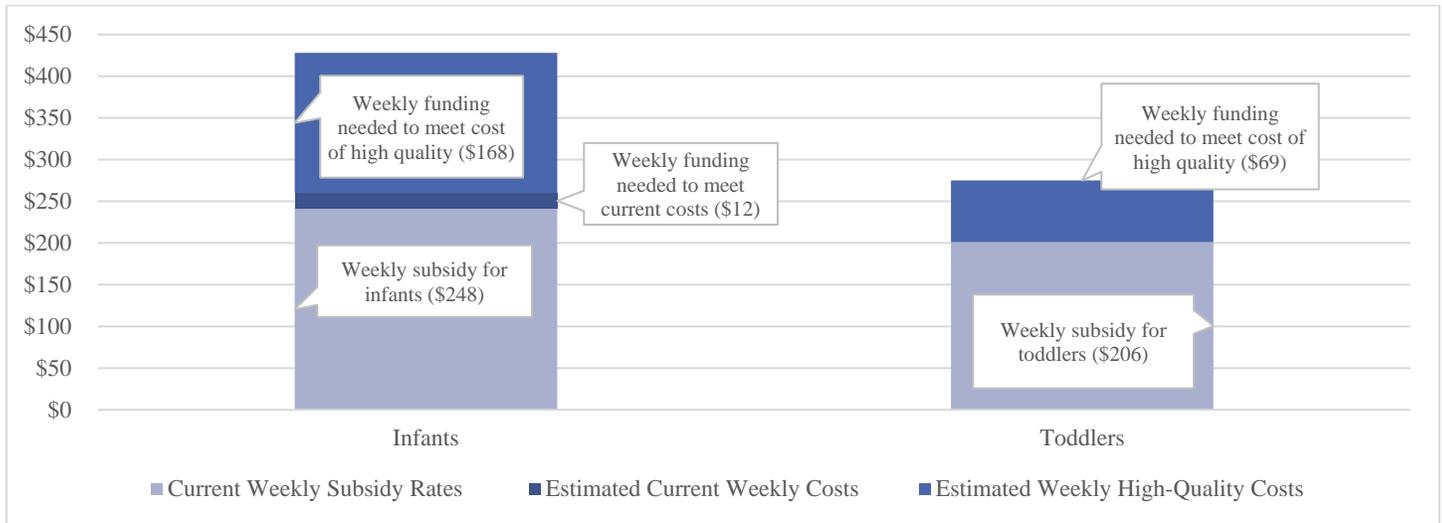
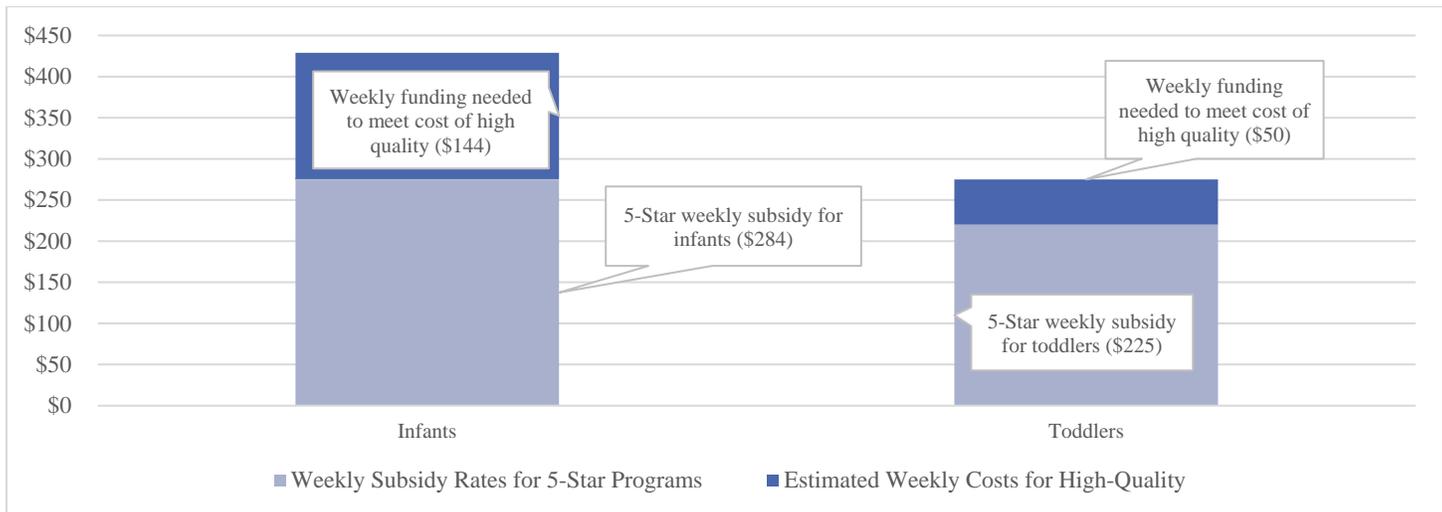


Figure 2. Per Child Funding Gap to Achieve High-Quality Infant Toddler Care in GNJK 5-Star Centers



Conclusions

Paying for child care is challenging, and the quality enhancing measures recommended here increase the challenge. Although these increases are significant, they are what is necessary to move New Jersey’s infant and toddler care programs into the high-quality system within which the state’s public preschool programs currently operate. Anticipated increases in federal support, if aligned and allocated intentionally with existing funding, will put New Jersey in a strong position to raise the level of care provided to its youngest children.

Acknowledgments

Funding for this report was provided by the Nicholson Foundation. The author is solely responsible for content of this report.

About ITC@NIEER

The National Institute for Early Education Research (NIEER) at the Graduate School of Education, Rutgers University, New Brunswick, NJ, conducts and disseminates independent research and analysis to inform early childhood education policy. ITC@NIEER is a unit within NIEER focused on early care and education policies that influence the learning and development of infants and toddlers.

About the Author

Karin Garver is an Early Childhood Education Policy Specialist at NIEER. Her research areas are in national and state early education policy trends, preschool special education, data systems, systems integration, and public program finance. Karin works on NIEER projects such as the State of Preschool Yearbook, Preschool Cost of Quality and Revenue, and several other projects related to early childhood policy and finance. Before coming to NIEER, Karin spent almost 16 years with the New Jersey Department of Education, where she served as Chief of Staff, Deputy Chief Academic Officer, and in several positions within the Division of Early Childhood Education. She has an M.A. in education policy and is currently pursuing a PhD in early childhood education policy.

Suggested Citation

Garver, K. (2021). *Exploring the cost of high-quality infant and toddler care in New Jersey*. [Data Snapshot.] New Brunswick, NJ: National Institute for Early Education Research.

ⁱ Office of Child Care. (n.d.) *Provider cost of quality calculator*. Administration for Children and Families, US Department of Health and Human Services. Retrieved on February 4, 2021 from <https://childcareta.acf.hhs.gov/pcqc>

ⁱⁱ White House. (2021, January 20). *President Biden announces American rescue plan*. Retrieved on February 4, 2021 from <https://www.whitehouse.gov/briefing-room/legislation/2021/01/20/president-biden-announces-american-rescue-plan/>

ⁱⁱⁱ Hardy, A., Robbins, K. G. (2020, December 22). *Child care relief funding in the year-end stimulus deal: A state-by-state estimate*. The Center for Law and Social Policy. Retrieved on February 4, 2021 from <https://www.clasp.org/publications/fact-sheet/covid-relief-stimulus-child-care-state-estimates>